Pension Myths, Busted

Ten things people believe about green pensions that simply aren't true — rapid-fire.

MYTH 1: "Going green loses my employer's contributions."
TRUTH: Switching the fund inside your workplace scheme is free and you keep every employer contribution — only transferring your whole pot OUT to another provider while still employed costs you that money.

MYTH 2: "Green funds mean worse returns."
TRUTH: The two largest research reviews ever done (1,000+ and 2,000+ studies) find sustainable investing performs comparably to — often better than — conventional. The effect is roughly neutral and period-dependent, not a systematic penalty. (2022 was a real exception.)

MYTH 3: "My pension's too small to matter."
TRUTH: Your pension is likely your single biggest climate lever — far bigger than your shopping or flights. And collectively, ~£667bn sits in workplace defaults; the majority moving is what flips them.

MYTH 4: "You can't change your pension — it's locked in."
TRUTH: You can switch your own fund in your provider's app in minutes, for free. You just can't change the scheme-wide default for everyone (only your employer/trustees can).

MYTH 5: "'Sustainable' or 'ESG' means fossil-free."
TRUTH: Often it's just a carbon 'tilt' that still holds Shell, BP and the same mega-cap tech as a normal tracker. Always check the actual exclusions and holdings.

MYTH 6: "No FCA sustainability label means it's not green."
TRUTH: Not necessarily — it can mean the fund is run by a non-UK manager and is simply ineligible (e.g. Triodos, one of the greenest). 'No label' ≠ 'not green'; read why.

MYTH 7: "Switching is complicated and risky."
TRUTH: Switching the fund inside your scheme is simple and low-risk. Only a full transfer needs care — check exit fees, guarantees, and that final-salary pots over £30,000 get regulated advice.

MYTH 8: "My default is green because it's 'climate-aware'."
TRUTH: 'Climate-aware' usually means a tilt, not an exclusion. Nest's climate-aware default still holds Shell, BP, TotalEnergies and Equinor.

MYTH 9: "Divesting changes nothing."
TRUTH: Its direct effect on company share prices is debated — but greening defaults redirects huge capital, cuts your own exposure to stranded-asset risk, and adds to the demand signal that's already put ~£1.5tn of pensions on a net-zero track.

MYTH 10: "Going green is expensive."
TRUTH: Many credible options cost 0.3–0.75% (Nest Ethical is 0.3%), and switching your fund is free. Cost is not the barrier it's made out to be.

General information, not financial advice. Sources span ONS, TPR, NYU Stern & Friede et al. (returns), Make My Money Matter (campaign estimates), FCA SDR and provider factsheets — detailed in the underlying reports in this folder.